



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

0003

April 13, 2009

Certified Return Receipt
7003 2260 0002 0247 7938

Key Bank National Association
Standby Letter of Credit Services
Mail Code: OH-01-51-0435
Cleveland, Ohio 44144-2338

Subject: Non-Renewal of Letter of Credit Star Stone Quarries, Peoa Blonde Quarry,
M0430012, Summit County, Utah

Dear Sir or Madame:

The Utah Division of Oil, Gas and Mining (Division) received your letter dated March 18, 2009, regarding non-renewal of Letter of Credit [redacted] in the amount of \$54,900.00. The mine operator, Star Stone Quarries, has been advised that a replacement surety must be provided by May 21, 2009. If a replacement surety is not provided by that date, the Division will immediately submit to you its sight draft for the full face value of the letter of credit. The Division anticipates that payment of \$54,900.00 will be made by delivery of certified funds payable to the State of Utah within two days following your receipt of the sight draft. Payment should be sent to the above address by a next day delivery. The Division will hold the funds as surety for the BLM and itself to be used for reclamation of the Peoa Blonde quarry pending a forfeiture action to be filed before the Board of Oil, Gas and Mining.

We are anticipating that the operator will not fulfill this bonding requirement and the Division will have to move forward with the presentation of the sight draft. Please advise if you have any questions and let me know in writing if this procedure is not acceptable.

Thank you. If you have any questions, please feel free to call me at (801) 538-5261.

Sincerely,

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure Letter dated 10/23/08 and Sight Draft

P:\GROUPS\MINERALS\WP\M043-Summit\M0430012-PeoaQuarry\Final\cancel-04092009a.doc



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EXHIBIT A
SIGHT DRAFT

Date: _____

USD\$ _____

At sight, pay to the order of:

Utah Division of Oil, Gas and Mining

the sum of: _____ United States Dollars

Drawn under the KeyBank National Association, Cleveland, Ohio Irrevocable Standby Letter of Credit no. [REDACTED] dated June 22, 2006

**To: KeyBank National Association
4910 Tiedeman Road
Cleveland, Ohio, 44144 USA**

**Utah Division of Oil, Gas, and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT 84114-5801**

(Authorized signature)

(Name)

Please wire draw proceeds per the following instructions:

TO:

ABA or ROUTING #:

ATTN:

REFERENCE:

CREDIT ACCOUNT:

Mine Permit Number M/043/0012 Mine Name PEGA BLONDE
Operator STAR STONE QUARRIES Date SENT MARCH 23, 2009
TO LON THOMAS FROM PAUL BAKER

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE
☒ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW NOI ☐ AMENDMENT
☐ OTHER _____

Description

Record Number

☐ NOI ☐ Incoming ☒ Outgoing ☐ Internal ☐ Superceded
LETTER - NOTICE OF CANCELLATION OF RECLAMATION LOC 2009-0002

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 8 1/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____